



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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January 15, 2009

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe 
Acting Auditor-Controller

SUBJECT: **COMMUNITIES IN SCHOOL OF SOUTH BAY, INC. CONTRACT
REVIEW – A COMMUNITY AND SENIOR SERVICES WORKFORCE
INVESTMENT ACT PROGRAM PROVIDER – FISCAL YEAR 2007-08**

We completed a program, fiscal and administrative contract compliance review of Communities In School of South Bay, Inc. (CIS or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with CIS, a private non-profit organization to provide and operate the WIA Youth Program. The WIA Youth Program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. CIS' office is located in the Second District.

CIS is compensated on a cost reimbursement basis and has a contract for \$225,468 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether CIS complied with its contract terms and appropriately accounted for and spent WIA funds in providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

CIS did not obtain at least 85% of their planned performance outcomes as required by the County contract. Specifically, CIS:

- Enrolled 36 (60%) of the 60 participants planned.
- Exited 13 (23%) of the 56 participants planned.
- Placed 1 (17%) participant but planned to place 6.
- Did not train any participants but planned to train 3.

In addition, CIS did not implement 16 (67%) of the 24 recommendations contained in our prior year's monitoring report, including not repaying CSS \$39,776 in questioned costs. CIS also billed CSS an additional \$30,274 in questioned costs during the current monitoring review. Specifically:

- CIS' FY 2006-07 general ledger did not reconcile to the Agency's final close-out invoice for FY 2006-07. Specifically, the Agency's general ledger totaled \$157,694 and the final close-out invoice totaled \$171,329, resulting in \$13,635 in unsupported expenditures.
- CIS did not maintain adequate documentation, such as approved timecards, signed receipts and signed incentive policies, in nine (90%) of the ten participants' case files to support the expenditures. Unsupported expenditures totaled \$7,532.
- CIS did not maintain adequate documentation to support the facility lease expenditures. The facility lease expenditures from July 2007 through April 2008 totaled \$7,525.
- CIS did not maintain adequate documentation to support mileage, office supplies and transportation expenditures, totaling \$492.
- CIS inappropriately billed CSS \$550 in FY 2006-07 for expenditures incurred in FY 2007-08.
- CIS did not maintain adequate documentation to support FY 2006-07 program expenditures, totaling \$540.

Subsequent to our review, CIS provided additional documentation to support \$4,508 of the \$30,274 in questioned costs, resulting in \$25,766 (\$30,274 - \$4,508) questioned costs.

In addition, CIS did not always comply with WIA and County contract requirements. For example, CIS did not:

- Obtain criminal clearances for two (40%) of the five employees sampled.
- Complete or discuss the Individual Service Strategy plans with the participants on a monthly basis for all ten participants sampled.
- Exit all ten participants sampled from the WIA program. Specifically, CIS had not provided program services to any of the ten participants since 2006. According to WIA guidelines, the providers are required to exit the participants from the program if the participants do not receive WIA or partner-funded services for 90 days. There were no costs associated with the ten participants.

Details of our review, along with recommendations for corrective action plan, are attached.

Review of Report

We discussed our report with CIS and CSS on September 24, 2008. In their attached response, CIS agreed to implement our findings and recommendations. Specifically, CIS indicated that they would provide documentation to CSS or repay the County for the \$65,542 (\$39,776 + \$25,766) questioned costs.

We thank CIS for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:DC:EB

Attachment

- c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Department of Community and Senior Services
Shirley Allen, Executive Director, Communities In School of South Bay, Inc.
Lestean Johnson, Chairperson, Communities In Schools of South Bay, Inc.
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
COMMUNITIES IN SCHOOL OF SOUTH BAY, INC.
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether Communities In School of South Bay, Inc. (CIS or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for ten (14%) of the 70 participants that received services from July 2007 through May 2008 for documentation to confirm their eligibility for WIA services.

Results

CIS did not maintain appropriate documentation to support the eligibility for one (10%) of the ten participants sampled. Specifically, CIS did not maintain appropriate documentation to determine whether the participant met the low income requirement. This finding was also noted during the prior two years' monitoring reviews.

Subsequent to our review, CIS provided additional documentation to support the participant's eligibility.

Recommendation

1. **CIS management ensure that staff obtain appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.**

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for ten (14%) participants that received services during July 2007 through May 2008. We also interviewed four participants/guardians.

Results

The four participants/guardians interviewed stated that the services they received met their expectations. However, CIS did not maintain adequate documentation, such as approved timecards, signed receipts and signed incentive policies for nine (90%) of the ten participants' case files to support the expenditures. Unsupported expenditures totaled \$7,532. A similar finding was also noted during prior years' monitoring reviews.

In addition, CIS did not always comply with WIA and County contract requirements. Specifically, CIS did not:

- Complete the Individual Service Strategy (ISS) plans for all ten participants sampled as required by WIA guidelines. The ISS plan is a comprehensive on-going plan jointly developed by the participant and the case manager that identifies the participant's background, skills, goals, barriers to employment and service plans needed to achieve the goals. This finding was also noted during the prior year's monitoring review.
- Discuss the Individual Strategy Service (ISS) plans with the participants on a monthly basis for all ten participants sampled.
- Accurately report the program activities, such as summer employment services, on the Job Training Automation (JTA) system for two (20%) of the ten participants sampled. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities. This finding was also noted during prior two years' monitoring reviews.
- Exit all ten participants from the WIA program as required. Specifically, CIS did not provide any program services or make contact with any of the ten participants since 2006. According to WIA guidelines, the providers are required to exit the participants from the program if the participant does not receive WIA or partner-funded services for 90 days.
- Administer the post-assessment examinations for one (10%) of the ten participants sampled within one year of the pre-assessment. This finding was also noted during the prior year's monitoring review.

Subsequent to our review, CIS provided the approved timecards, signed receipts and signed incentive policies for seven of the nine participants to support \$4,508 of the \$7,532 in unsupported expenditures.

Recommendations

CIS management:

- 2. Repay CSS \$3,024 (\$7,532 - \$4,508) or provide documentation to support the expenditures.**
- 3. Ensure that adequate documentation is maintained to support the program expenditures.**
- 4. Ensure that staff complete the Individual Service Strategy in accordance with WIA guidelines.**
- 5. Ensure that staff discuss the Individual Strategy Service plans with the participant on a monthly basis.**
- 6. Ensure that staff accurately update the Job Training Automation System to reflect the participants' program activities.**
- 7. Ensure that the participants are exited from the WIA program when the participants do not receive services for 90 days.**
- 8. Ensure that post-assessment examinations are administered within one year of the pre-assessment.**

PERFORMANCE OUTCOMES

Objective

Determine whether CIS met the planned performance measures as outlined in the County contract and accurately reported the performance outcomes to the Workforce Investment Board (WIB). The performance outcomes included measuring the number of participants enrolled in the program, exited the program, completed training and/or gained employment.

Verification

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes to the planned performance measures outlined in the County contract and to the program activities reported on the JTA system.

Results

CIS did not obtain at least 85% of their planned performance outcomes as required by the County contract. Specifically, CIS:

- Enrolled 36 (60%) of the 60 participants planned.
- Exited 13 (23%) of the 56 participants planned.
- Placed 1 (17%) participant but planned to place 6.
- Did not train any participants but planned to train 3.

Recommendation

9. **CIS management ensure that planned performance outcomes are met as required by the County contract.**

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's May 2008 bank reconciliations.

Results

CIS properly recorded and deposited cash receipts and revenue in a timely manner. However, CIS did not always comply with County contract requirements. Specifically:

- CIS did not always obtain two authorized signatures on all checks. This finding was also noted during the prior year's monitoring review.
- CIS did not prohibit authorized signers from signing their own expense checks.
- The Director of Education signed participants' payroll checks and approved participants' timecards. According to the County contract, authorized check signers must be independent of disbursement activities. This finding was also noted during the prior year's monitoring review.

- CIS' May 2008 bank reconciliations were reconciled by someone with bookkeeping functions. According to the County contract, bank statements should be received and reconciled by someone with no cash handling, check writing or bookkeeping functions.

Recommendations**CIS management:**

10. Obtain two authorized signatures on all checks.
11. Prohibit authorized signers from signing their own expense checks.
12. Ensure that there is adequate segregation of duties.
13. Ensure that the bank statements are received and reconciled by someone with no cash handling, check writing or bookkeeping functions.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation for 16 non-payroll expenditure transactions billed by the Agency for July 2007 and February 2008, totaling \$4,280.

Results

CIS billed CSS \$8,017 in unsupported program expenditures. Specifically, CIS:

- Did not maintain adequate documentation, such as the floor plan, to support the facility lease expenditures. The facility lease expenditures from July 2007 through April 2008 totaled \$7,525.
- Did not maintain adequate documentation to support the mileage, office supplies and bus token expenditures, totaling \$492.

Similar findings were also noted during prior year's monitoring review.

Recommendations**CIS management:**

Refer to recommendation #3.

- 14. Repay CSS \$8,017 or provide documentation to support the expenditures.**

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the contractor maintained sufficient administrative controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

CIS did not always comply with WIA and County contract requirements. Specifically:

- CIS did not provide copies of their submitted quarterly payroll tax returns for our review. According to Agency management, the quarterly payroll taxes were filed and their copies of their returns were with a CPA firm that was conducting their Single Audit.
- CIS did not obtain a fire inspection.
- CIS did not maintain adequate insurance coverage. Specifically, CIS' insurance policies did not cover the Agency's current facility and the policies only had a 10 day advance written cancellation notice period not a 30 day as required by the County contract. A similar finding was also noted during prior two years' monitoring review.
- CIS did not perform a fair market analysis of their new facility leased in November 2007. CIS also did not perform a fair market analysis of another facility newly leased during Fiscal Year (FY) 2006-07. .
- CIS' hours of operation were from 10:00 a.m. to 4:00 p.m., Monday through Thursday, and closed Fridays and Saturdays. The County contract required the

Agency to maintain hours of operation from 9:00 a.m. to 6:00 p.m., Monday through Friday and every other Saturdays, from 9:00 a.m. to 1:00 p.m. This finding was also noted during prior years' monitoring reviews.

Subsequent to our review, CIS provided an updated certificate of liability insurance which covered the Agency's current facility and included a 30 day advance written cancellation notice as required by the County contract.

Recommendations

CIS management:

- 15. Provide copies of their filed quarterly payroll tax returns to the Auditor-Controller for review.**
- 16. Obtain a fire inspection.**
- 17. Ensure that adequate insurance coverage is maintained as required.**
- 18. Perform a fair market analysis for the facility the Agency leases.**
- 19. Ensure that the hours of operation are maintained as specified in the County contract.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether CIS' fixed assets and equipment purchases made with WIA funds are used for the WIA program and are safeguarded.

We did not perform test work in this section as CIS did not use WIA funds to purchase fixed assets or equipment.

PAYROLL AND PERSONNEL

Objective

Determine whether payroll expenditures were appropriately charged to the WIA program. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures invoiced for six employees totaling \$8,612 for February 2008 to the Agency's payroll records and time reports. We also traced the payroll expenditures invoiced for four participants totaling \$3,104 for February 2008 to

the Agency's payroll records and time reports. We also interviewed one employee and reviewed the personnel files for five employees assigned to the WIA program.

Results

Generally, CIS appropriately charged payroll expenditures to the WIA program. However, CIS did not obtain criminal clearances for two (40%) of the five employees sampled or conduct annual performance evaluation for all five employees sampled. In addition, CIS did not maintain copies of driver's licenses, proof of automobile insurances, Employee Acknowledgement and Confidentiality Agreements, resumes, applications and/or job descriptions for all five employees sampled.

Subsequent to the review, CIS obtained criminal clearances for the two employees. In addition, CIS provided copies of employees' driver's licenses, Employee Acknowledgement and Confidentiality Agreements, resumes, applications and job descriptions for all five employees and proof of automobile insurance for three of the five employees sampled.

Recommendations

CIS management:

- 20. Ensure that criminal clearances are obtained for all employees assigned to the WIA program.**
- 21. Conduct an annual performance evaluation on all employees.**
- 22. Ensure that required documentation is maintained in the personnel files.**

COST ALLOCATION PLAN

Objective

Determine whether CIS' Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency in July 2007 and February 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

CIS properly allocated shared costs. However, CIS' Cost Allocation Plan did not contain the signature of contractor management certifying the accuracy of the Plan as required by the County contract.

Recommendation

- 23. CIS management review and sign the Agency's Cost Allocation Plan as required.**

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2006-07 final close-out invoice reconciled to the Agency's financial accounting records.

Verification

We traced CIS' FY 2006-07 general ledger to the Agency's final close-out invoice for FY 2006-07. We also reviewed a sample of expenditures incurred in FY 2006-07.

Results

CIS billed CSS \$14,725 in questioned program costs. Specifically:

- CIS' FY 2006-07 general ledger totaled \$157,694 and the Agency's FY 2006-07 final close-out invoice totaled \$171,329, resulting in \$13,635 in unsupported expenditures.
- CIS inappropriately billed CSS \$550 for FY 2007-08 expenditures in FY 2006-07. CIS purchased \$550 in bus tokens on June 30, 2007 that were used during FY 2007-08.
- CIS did not maintain adequate documentation, such as signed incentive policies, receipts and other documentation to support the program expenditures, totaling \$540.

Similar findings were noted during the prior year's monitoring review.

Recommendations

CIS management:

Refer to recommendation #3.

24. Repay CSS \$14,725.

25. Ensure that expenditures charged to the WIA program are for costs incurred during the contract period and for WIA related expenditures.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued on April 7, 2008.

Results

The prior year's monitoring report contained 24 recommendations. At the time of our review, CIS implemented eight recommendations. As previously indicated, the findings related to recommendations 1, 3, 4, 6, 8, 10, 12, 17, 19 and 25 contained in this report were also noted during the prior year's monitoring review. The remaining six recommendations required CIS to repay CSS \$39,776 and implement the outstanding recommendations from FY 2005-06 monitoring report. CSS indicated that they are currently working with CIS to resolve the prior years recommendations.

Recommendations

CIS management:

26. Repay CSS \$39,776.

27. Immediately implement and resolve the outstanding recommendations from Fiscal Year 2005-06 and FY 2006-07 monitoring reports.



COMMUNITIES IN SCHOOLS OF SOUTH BAY, INC.
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October 29, 2008

Wendy L. Watanabe
Acting Auditor-Controller
500 W. Temple Street, Room 525
Los Angeles, CA 90012-2706

Subject: Communities in Schools of South Bay, Inc. Contract Review
Workforce Investment Act Program Provider – Fiscal Year 2007-2008

Dear Ms. Watanabe:

Below you will find a response and corrective action plan relating to the fiscal and administrative contract compliance review of Communities In Schools (CIS) that was conducted by the Auditor-Controller's office.

ELIGIBILITY

Recommendation #1: CIS management ensures that staff obtain appropriate documentation from the participants to determine the participant's eligibility for program services prior to enrollment.

Corrective Action Plan: CIS will revise the eligibility document checklist to include a space for the supervisor to sign/initial to certify that he/she has reviewed the eligibility documentation received by the intake worker – prior to the participant being accepted into the program and receiving services.

BILLED SERVICES/CLIENT VERIFICATION

Recommendation #2: Repay CSS \$3,024 (\$7,532 - \$4,508) or provide documentation to support the expenditures.

Corrective Action Plan: CIS will submit signed receipts and signed incentive policies for the remaining two participants to CSS within 10 business days. CIS will ensure that all signed policies and receipts are placed in participant files at the time of delivery. CIS management will randomly monitor participant files on a monthly basis to ensure that receipt and signed policies are filed on a regular basis.

- Recommendation #3: Ensure that adequate documentation is maintained to support program expenditures.
- Corrective Action: CIS will institute a policy immediately to insure that two copies of all program expenditures expenses are kept. One will be kept in the participants files and the other copy will be kept in the accounting office. This will ensure that adequate documentation is maintained. CIS management will randomly monitor participant files and well as accounting files to ensure that this process is being followed.
- Recommendation #4: Ensure that staff completes the Individual Service Strategy in accordance with WIA guidelines.
- Corrective Action: CIS will review the ISS guidelines (TEGL) and request technical assistance from CSS to ensure that all staff members are fully versed on completing the ISS in according with WIA guidelines. CIS management as well as case managers will attend technical assistance workshops with CSS. CIS management will monitor staff on a monthly basis and randomly choose participants ISS forms to perform "on-the-spot" checks to ensure that they are being completed according to WIA guidelines.
- Recommendation #5: Ensure that staff discusses the ISS plan with the participant on a monthly basis.
- Corrective Action: Case manager should review ISS plans with the participants on a monthly basis and document this in case file. CIS Management will randomly choose participants ISS forms to perform "on-the-spot" checks to ensure that they are being completed according to WIA guidelines.
- Recommendation #6: Ensure staff accurately updates the JTA system to reflect the participant's program activities.
- Corrective Action: Effective immediately, CIS case managers will be required to submit, in writing, by the 5th of each month, a detailed report detailing participants' files that were updated in the JTA system. The report will detail what changes/updates were made to the participants JTA file.
- Recommendation #7: Ensure that the participants are exited from the WIA program when the participant does not receive WIA or partner funded services for 90 days.
- Corrective Action Plan: CIS case managers will be required to submit a report to management by the 5th of each month detailing participants enrolled, services rendered for the month, and participants exited from the program. This report/chart will be used to keep track of services provided. In the event that a youth is not provided with services in a 90 day period, they will be exited from the JTA system. Case managers will need to submit a report/printout from the JTA system documenting the participant exit status. This process will be monitored on a monthly basis by CIS management staff.

Recommendation #8: Ensure that post-assessment examinations are administered within one year of the pre-assessment.

Corrective Action: CIS has developed a chart that shows all participants enrolled, their pre-test scores and dates. This chart will assist us in tracking test scores and test dates, to ensure that participants are post tested within the 12-month time frame.

PERFORMANCE OUTCOMES

Recommendation #9: CIS management ensures that planned performance outcomes are met as required by the County Contract.

Corrective Action: CIS will require monthly reporting from case management to monitor planned performance outcomes vs. Actual performance outcomes to identify and deficiencies. This will allow us to make any corrective actions needed prior to CSS monitoring visits.

CASH/REVENUE

Recommendation #10: Obtain two authorized signatures on all checks.

Corrective Action: Due to the fact that the executive director was on medical leave, and she was one of the authorized signatures – CIS obtained this finding. CIS has established an additional authorized signer – Sean Shelton with our banking institution.

Recommendation #11: Prohibit authorized signers from signing their own expense checks.

Corrective Action: At the time that this occurred, there were only two authorized signers available, due to the fact that the executive director was on medical leave. One of the authorized signers happened to be the same person that the check was written to. To avoid this in the future - CIS has established an additional authorized signer – Sean Shelton with our banking institution.

Recommendation #12: Ensure that there is adequate segregation of duties.

Corrective Action: CIS has reviewed its segregation of duties policies and made the necessary corrections to ensure that duties are fully segregated, based on GAAP and CSS guidelines. These policies are available for review at the next CSS monitoring visit.

Recommendation # 13: Ensure that the bank statements are received and reconciled by someone with no cash handling, check writing or bookkeeping functions.

Corrective Action: CIS has reviewed its segregation of duties policies, including those related to bank reconciliations, and made the necessary corrections to ensure that duties are fully segregated, based on GAAP and CSS guidelines. These policies are available for review at the next CSS monitoring visit.

EXPENDITURES/PROCUREMENT

Recommendation # 14: Repay CSS \$8,017 or provide documentation to support the expenditures.

Corrective Action: CIS will submit an adequate floor plan to CSS to support the \$7,525.00 expenditure for lease cost within 30 days from the date of this correspondence. CIS will reimburse CSS the amount of \$492 for the expenses such as mileage, office supplies and bus token which were cited by the auditor controller's office.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Recommendation # 15: File quarterly tax returns or provide copies of the quarterly payroll tax returns for review.

Corrective Action: CIS will ensure that all documentation regarding quarterly payroll tax returns are maintained on-site and available for review from CSS. CIS copies of the quarterly payroll tax return to CSS at the upcoming monitoring site review.

Recommendation #16: Obtain fire inspection.

Corrective Action: CIS has obtained a copy of the fire inspection and it will be available for review at subsequent monitoring visits by CSS.

Recommendation #17: Ensure that adequate insurance coverage is maintained as required.

Corrective Action: CIS has always maintained adequate insurance coverage. We will ensure that documentation is readily available at subsequent CSS reviews or upon request.

Recommendation #18: Perform a fair market analysis for the facility the Agency leases.

Corrective Action: CIS will perform a fair market analysis and submit 3-5 comparison to the Board of Directors in writing, prior to signing additional leases/rental agreements.

Recommendation # 19: Ensure that the hours of operation are maintained as specified in the County contract.

Corrective Action: CIS will maintain hours of operation that are outlined in the County contract. If a change is needed, CIS will notify CSS in writing.

FIXED ASSETS AND EQUIPMENT

Recommendation #20: Ensure that criminal clearances are obtained for all employees assigned to the WIA program.

Corrective Action: CIS will require all employee's to submit to a live-scan background check prior to their hire date. Documentation will be kept in the employee file.

Recommendation #21: Conduct an annual performance evaluation on all employees.

Corrective Action: Annual performance evaluations will be conducted on all employees during the month of January each year. Copies will be placed in employee files. The

Executive Director will review personnel files on a random basis to ensure that this takes place and that proof is in the file.

Recommendation #22: Ensure that required documentation is maintained in the personnel files.

Corrective Action: The Executive Director will review personnel files on a quarterly basis to ensure that all of the required documentation is in the file. In the event that documentation required by the employee has not been submitted (proof of insurance, etc), the employee will not be allowed to work until it has been submitted and approved by the Executive Director.

COST ALLOCATION PLAN

Recommendation # 23: CIS management review and sign the Agency's Cost Allocation Plan as required.

Corrective Action: A copy of the signed cost allocation plan is on record at the CIS office. The cost allocation plan was signed and reviewed by the Executive Director. This plan will be made available upon subsequent review for the auditor controller's office or CSS Staff.

CLOSE- OUT REVIEW

Recommendation #24: Repay CSS \$14,725.

Corrective Action: CIS is in the process of submitting documentation to CSS staff, Latrice McKnight to substantiate many of these expenditures. This process shall be completed prior to December 1, 2008. If at that time, CIS still owes CSS funds, the funds will be remitted at that time.

Recommendation #25: Ensure that the expenditures charged to the WIA program are for cost incurred during the contract period and for WIA related expenditures.

Corrective Action: CIS will monitor its internal controls and expenditures to ensure that cost incurred during the contract period are expended and/or billed during the appropriate funding year.

PRIOR YEAR FOLLOW-UP

Recommendation # 26: Immediately repay CSS \$72,874.

Corrective Action: CIS is in the process of submitting documentation to CSS staff, Latrice McKnight to substantiate many of these expenditures. This process shall be completed prior to December 1, 2008. If at that time, CIS still owes CSS funds, the funds will be remitted at that time.

Recommendation #27: Immediately implement and resolve the outstanding recommendations from Fiscal Year 2005-06 and FY 2006-07 monitoring reports.

Corrective Action: CIS is in the process of submitting documentation to CSS staff, Latrice McKnight to substantiate many of these expenditures. This process shall be completed prior to December 1, 2008. If at that time, CIS still owes CSS funds, the funds will be remitted at that time.

If you have any additional questions, please do not hesitate to contact me at the above telephone number.

Sincerely,

A handwritten signature in black ink, appearing to read 'Articia Woods', written in a cursive style.

Articia Woods,
Director of Educational Services

cc. Yoon Bae, CPA Principal Accountant-Auditor
Shirley Allen, CIS Executive Director
Victoria M. Adams, CIS Associate Director
William T Fujioka, Chief Executive Officer
Cynthia Banks, Director Department of Community and Senior Services